



SOUTHERN CALIFORNIA
EDISON[®]

An EDISON INTERNATIONAL[®] Company

Fall 2011

SCE QF Fixed-Price RFO

REQUEST FOR OFFERS

for

**QF Fixed Energy Price Agreements for
SCE's Existing Qualifying Facilities**

RFO Instructions
October 13, 2011

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LIST OF ATTACHMENTS

- A. Notice of Intent to Offer.
- B. Pro Forma Fixed-Price Agreement.
- C. Offer Template.

ARTICLE ONE. GENERAL INFORMATION.

1.01 Introduction.

Southern California Edison Company (“SCE”) is issuing its Fall 2011 QF Fixed-Price Request for Offers (“RFO”) to solicit offers (“Offers”) from Eligible Respondents (as defined in Section 2.01 below) seeking to change the energy price within their existing Qualifying Facility (“QF”) Power Purchase Agreements (“QF PPAs”) from the Short Run Avoided Cost (“SRAC”) methodology to a fixed-price by entering into a fixed energy price agreement with SCE in the form attached hereto as Attachment B (“Fixed Energy Price Agreement”). The term of the Fixed Energy Price Agreement will begin on either May 1, 2012, or January 1, 2013, and will extend for the durations discussed herein.

These RFO instructions (“RFO Instructions”) describe the schedule and process by which an Eligible Respondent’s Offer must be submitted in response to this RFO and set forth the terms and conditions of the Eligible Respondent’s participation in this RFO. Unless the context otherwise specifies or requires, initially capitalized terms not defined in these RFO Instructions have the meanings set forth in the applicable documents attached hereto.

SCE’s goal in this RFO is to provide a standardized procurement process for Eligible Respondents to enter into Fixed Energy Price Agreements. In this RFO, SCE may award up to the notional quantity outlined in Section 3.02 (the “Notional Quantity”). However, SCE reserves the right, in its sole discretion, to increase or decrease its target and actual procurement in this RFO.

SCE will submit all Fixed Energy Price Agreements awarded through this RFO (“Awarded Contracts”) for regulatory approval, as outlined in Article Nine.

*** *End of ARTICLE ONE* ***

ARTICLE TWO. ELIGIBILITY REQUIREMENTS.

2.01 Eligible Respondent.

SCE will consider all timely Offers from Eligible Respondents. An “Eligible Respondent” (also referred to herein as a “Respondent”) is a Seller under a current and effective QF PPA with SCE. The term of any Fixed Energy Price Agreement Offer proposed by an Eligible Respondent must expire within the original term of the QF PPA. Sellers on extension agreements pursuant to California Public Utilities Commission Decision (“CPUC”) D. 07-09-040 are not Eligible Respondents.

2.02 Eligible Non-Gas QF Resource.

SCE will consider all timely offers from Eligible Respondents that is a Qualifying Facility project and does not use natural gas as the primary fuel for generation. Further, to the extent an Eligible Non-Gas QF Resource is permitted by applicable laws and regulations to use natural gas fuel to supplement generation, only the generation attributable to non-gas fired sources will be subject to fixed energy payments under the Fixed Energy Price Agreement.

*** *End of ARTICLE TWO* ***

ARTICLE THREE. FIXED ENERGY PRICE AGREEMENT.

3.01 Product.

The Fixed Energy Price Agreement is an agreement between SCE and a Seller under a QF PPA by which the energy price paid under the existing contract is changed from SRAC to a fixed-price for the duration of the Fixed Energy Price Agreement. The Sellers will only be paid the new fixed-price for energy delivered under the contract.

3.02 Desired Terms and Quantities.

SCE is soliciting Offers for Fixed Energy Price Agreements from Eligible Respondents for the following terms, and for the specific quantities as described in the following table:

| NOTIONAL QUANTITY (GWh/Year) | CONTRACT TERM & FIXED ENERGY PRICE AGREEMENT TERM | | |
|---------------------------------|---|--------------|--------------------------------------|
| | START DATE | END DATE | FIXED ENERGY PRICE AGREEMENT TERM |
| Up to TBD GWh | May 1, 2012 | Dec 31, 2012 | 8 Months |
| Up to 4,185 GWh | January 1, 2013 | Dec 31, 2013 | 12 Months |
| Up to 3,323 GWh | January 1, 2013 | Dec 31, 2014 | 24 Months |
| Up to 1,934 GWh | January 1, 2013 | Dec 31, 2015 | 36 Months |

3.03 Notional Quantity.

SCE may award up to the Notional Quantity for each Fixed-Price Period for the RFO. SCE reserves the right, in its sole discretion, to increase or decrease its target and actual procurement in this RFO.

3.04 Contract Term & Fixed Energy Price Agreement Term.

SCE seeks offers for the entire terms set forth in 3.02 above. The term of any Offer proposed by an Eligible Respondent must expire within the original term of the QF PPA.

If the original term of the Eligible Respondent's QF PPA expires within the term of one of the Fixed Energy Price Agreement terms above, SCE will consider the

Respondent's Offer, but only if the Offer is for a fixed energy price for the entire remainder of the term of Respondent's QF PPA.

*** *End of ARTICLE THREE* ***

ARTICLE FOUR. FIXED-PRICE RFO SCHEDULE.

4.01 RFO Schedule.

| <i>Milestone</i> | <i>Date</i> | <i>Day & Time</i> | <i>Description</i> |
|---|-------------|-----------------------|---|
| Launch | October 13 | Thursday | Documents for launch posted at: http://www.sce.com/EnergyProcurement/renewables/qf-fixed-price-rfo.htm |
| Respondent Webex/Conference Call | October 20 | Thursday 2 PM PPT | Participation instruction will be posted at: http://www.sce.com/EnergyProcurement/renewables/qf-fixed-price-rfo.htm |
| Submission of Notice of Intent | October 27 | Thursday 5 PM PPT | Respondents interested in participating in this RFO must submit to SCE and the Independent Evaluator (the “ <u>Independent Evaluator</u> ”) a completed Notice of Intent to Offer (Attachment A) in accordance with Article Six and Article Seven. |
| Submission of Pre-Qualification Documents | November 3 | Thursday 5 PM PPT | Respondents must submit to SCE, in electronic format, the following documents: (1) draft Fixed Energy Price Agreement (Attachment B), and (2) indicative Offer Template (Attachment C). Respondents who fail to submit these materials by the stated time will be disqualified from participation in this RFO. |
| Finalize Documents | November 30 | Wednesday 5 PM PPT | Respondents must complete negotiations and come to final agreement on terms with SCE regarding the Fixed Energy Price Agreement (Attachment B) |
| Submission of Final Qualification Documents | December 1 | Thursday 5 PM PPT | Respondents must submit to SCE, in electronic format, the final Fixed Energy Price Agreement (Attachment B). Respondents who fail to submit this material by the stated time will be disqualified from participation in this RFO. |
| Notice of Qualification | December 2 | Friday 5 PM PPT | Respondents that have satisfied all the requirements set forth in these RFO Instructions (“ <u>Qualified Respondents</u> ”) will receive confirmation of their qualification to participate in this RFO via email |
| Final Offer Submission | December 5 | Monday 10 AM PPT | Qualified Respondent must submit their final offer (a “Final Offer”) to SCE and the Independent Evaluator. SCE is not responsible for Final Offers received after the submittal deadline due to unsuccessful delivery or otherwise. SCE will only consider submissions from Qualified Respondents. Final Offer must remain binding through the Notification of Successful Offer period. |
| Notification of Successful Offer | December 9 | Friday 10 AM PPT | SCE will contact successful Qualified Respondents that their Offer has been selected. Fixed Energy Price Agreement will be effective after it has Regulatory Approval (Article 9). |

*** End of ARTICLE FOUR **

ARTICLE FIVE. OFFER TEMPLATE AND OFFER EVALUATION.

5.01 Offer Template.

Respondents shall submit their Offer utilizing the Offer Template (Attachment C). The Offer shall consist of seller information, project information, and Fixed Energy Price offer for each Fixed-Price period.

5.02 Offer Evaluation.

SCE will evaluate Offer(s) based on Respondent's Fixed Energy Price, the term of the Fixed Energy Price Agreement, and the project's historical generation. SCE will only award up to the Notional Quantity, those Offers whose fixed energy price is at or below the forecasted Short Run Avoided Cost for each Fixed Energy Price Agreement term.

*** *End of ARTICLE FIVE* ***

ARTICLE SIX. APPLICANT'S ACKNOWLEDGEMENT.

By participating in this RFO, you acknowledge the following:

6.01 SCE's Rights.

SCE reserves the right to modify any dates and terms specified in these RFO Instructions, or terminate the RFO, in its sole discretion and at any time without notice and without assigning any reasons and without liability of Edison International, SCE or any of their subsidiaries, affiliates or representatives. SCE also reserves the right to not select any Offer as an outcome of this RFO.

6.02 Qualified Respondent's Binding Offer.

By submitting a Final Offer, Qualified Respondent agrees that such Final Offer shall remain binding from the Final Offer Submission until the Notification of Successful Offer as described in the RFO Schedule in Article Four.

6.03 SCE's Acceptance of Offers.

SCE will not be deemed to have accepted any Offer, and will not be bound by any term thereof, unless and until authorized representatives of SCE and Respondent execute a Fixed Energy Price Agreement and any other required agreements.

6.04 Binding Agreement Subject to CPUC Approval.

Qualified Respondent and SCE agree that all Awarded Contracts will be binding and subject to regulatory approval (see Article Eight).

6.05 Expenses in Event of Termination by SCE.

You will be responsible for all expenses you incur as a result of your participation in the RFO.

6.06 Waived Claims.

Respondent knowingly, voluntarily, and completely waives any rights under statute, regulation, state or federal constitution, or common law to assert any claim, complaint, or other challenge in any regulatory, judicial, or other forum, including, without limitation, the CPUC, (except as expressly provided below), the Federal Energy Regulatory Commission ("FERC"), the Superior Court of the State of California or any U.S. District Court concerning or related in any way to the RFO or any documents related thereto.

*** End of ARTICLE SIX ***

ARTICLE SEVEN. COMMUNICATIONS.

7.01 Communications.

Unless otherwise stated in these RFO Instructions, any exchange of material information concerning the RFO, including any such exchange concerning the preparation or submission of Offers or other submissions to SCE related to the RFO, must be submitted to both SCE and the Independent Evaluator for the RFO in the form of an email at the following email addresses:

(a) To SCE: FixedPriceRFO@sce.com; and

(b) To SCE's Independent Evaluator at Alan.Taylor@sedwayconsulting.com

Note: The maximum size of any email submitted to SCE is 8 MB.

The website address for the RFO is
<http://www.sce.com/EnergyProcurement/renewables/qf-fixed-price-rfo.htm>.

SCE may, in its sole discretion, decline to respond to any email or other inquiry without liability or responsibility.

7.02 Questions.

Questions relating to this RFO should be addressed to SCE by email at FixedPriceRFO@sce.com or by telephone to Benny Wu at (626) 302-3230 or Dahlia Siegel at (626) 302-2515.

7.03 Mail.

Hard copies of all executed documents must be sent by overnight mail or hand delivered to:

Benny Wu
Renewable and Alternative Power
Southern California Edison Company
G.O. 1, Quad 4-D
2244 Walnut Grove Avenue
Rosemead, California 91770

*** End of ARTICLE Seven ***

ARTICLE EIGHT. CONFIDENTIALITY.

8.01 Treatment of Confidential Information.

Each of SCE and Respondent (individually, a “Party” and collectively, the “Parties”) agrees, as of the date of Respondent’s submission of a indicative Offer to SCE (the “Non-Binding Offer Submission Date”) to treat Confidential Information (as defined in Section 8.03) as confidential with respect to third parties and must not disclose Confidential Information except as specifically authorized in this Article Eight or as specifically agreed to by each Party in writing. Accordingly, each Party must take all necessary precautions and implement all requisite procedures and practices to protect Confidential Information provided by the other Party.

8.02 Permitted Disclosures.

Subject to the limitations set forth in Section 8.01, each Party may disclose Confidential Information only to its employees, directors, advisors, attorneys, consultants or accountants who have a strict need to know solely for the purpose of directly assisting such disclosing Party in evaluating any Offer (“Permitted Disclosee”), or in subsequent discussions or negotiations regarding such Offer and so long as such disclosing Party advises each Permitted Disclosee of the confidential nature of the Confidential Information and uses reasonable efforts to prevent or limit the disclosure of Confidential Information by such Permitted Disclosee. In addition, the Independent Evaluator for the RFO is and must be deemed to be a Permitted Disclosee. Each Party may also disclose Confidential Information to representatives of its rating agencies who have a strict need to know solely for the purpose of directly assisting such disclosing Party in evaluating an Offer, so long as such disclosing Party advises the rating agency of the confidential nature of the Confidential Information and uses reasonable efforts to prevent or limit the disclosure of Confidential Information by any such rating agency.

SCE and the Independent Evaluator for the RFO may also disclose Confidential Information to the CPUC, the Procurement Review Group (the “PRG”), the California Energy Commission (“CEC”), and the California Independent System Operator Corporation (the “CAISO”) and each of their staff and divisions thereof in furtherance of the RFO. Although SCE will seek confidential treatment of any Confidential Information submitted by it to the CPUC, by means of a motion for protective order under Public Utilities Code section 583 and General Order 66-C, or by appropriate application to or agreement with the PRG, the CAISO and the CEC, SCE may disclose Confidential Information under this paragraph even if no protective order is issued and no confidentiality or non-disclosure agreements are entered into. Neither SCE nor the Independent Evaluator for the RFO shall have any liability whatsoever to any party in the event of any unauthorized use or disclosure by a governmental or regulatory agency or entity, including, without limitation, the CPUC and all divisions thereof, the CEC, the FERC, the PRG, or the CAISO, of any

Confidential Information or other information disclosed to any of them by SCE or its representatives.

8.03 Certain Defined Terms.

For purposes of these RFO Instructions, “Confidential Information” means all oral or written (including electronic) communications exchanged between the Parties related to an Offer or interconnection request, including, without limitation, the fact that an Respondent has submitted an Offer, and if applicable the facts (1) that SCE has short-listed the Offer, and (2) the Parties are negotiating the Offer.

Notwithstanding anything to the contrary set forth herein, the obligations set forth in this Article Eight do not apply to, and the term “Confidential Information” does not include:

- (i) Information that is in the public domain as of the Non-Binding Offer Submission Date or that later comes into the public domain from a source other than from the Party obligated to treat the Confidential Information as confidential, as well as such Party’s Permitted Disclosee or representatives of such Party’s rating agencies;
- (ii) Information that SCE or Respondent can demonstrate in writing was already known to SCE or Respondent, as applicable, before the Non-Binding Offer Submission Date;
- (iii) Information which comes to SCE or Respondent from a bona fide third party not under an obligation of confidentiality; or
- (iv) Information which is independently developed by SCE or Respondent without use of or reference to Confidential Information or information containing Confidential Information.

8.04 Miscellaneous.

- (a) The Parties agree that irreparable damage would occur if the terms and conditions set forth in this Article Eight were not performed in accordance with its terms or were otherwise breached. Accordingly, a Party may be entitled to seek an injunction or injunctions to prevent breach of the terms and conditions set forth in this Article Eight and to enforce specifically its provisions in any court of competent jurisdiction, in addition to any other remedy to which such Party may be entitled by law or equity.
- (b) The Parties agree not to introduce into evidence or otherwise voluntarily disclose in any administrative or judicial proceeding, any Confidential Information, except as required by Applicable Law or with the written consent of the Party providing the Confidential Information or as SCE or Respondent may be required to disclose to duly authorized governmental or regulatory

agencies, including the CPUC or any division thereof, in order to demonstrate the reasonableness of its actions.

- (c) All written Confidential Information supplied by a Party, and all copies or translations thereof made by the Party or Permitted Disclosee who received the Confidential Information, shall, upon written request of the Party who initially provided the Confidential Information, be returned to that Party, destroyed, or held and maintained subject to the terms of this Article Eight, provided that a Party or Permitted Disclosee is not be obligated to return or destroy any Confidential Information contained in its archive computer back-up system and, provided further, that a Party may retain copies of Confidential Information to the extent that retention is required by Applicable Law.
- (d) Nothing in this Article Eight is intended to waive any attorney-client, work-product or other privilege applicable to any statement, document, communication, or other material of any Party.
- (e) The terms of this Article Eight shall be effective as of the Non-Binding Offer Submission Date and shall terminate five (5) calendar years thereafter, or earlier upon the mutual written consent of the Parties or as required by Applicable Law.
- (f) This Article Eight shall be interpreted, governed and construed under the laws of the State of California (without giving effect to its conflict of laws provisions that could apply to the law of another jurisdiction) as if executed in and to be wholly performed within the State of California.
- (g) If any provision of this Article Eight is unenforceable or invalid, it shall be given effect to the extent it may be enforceable or valid, and such enforceability or invalidity will not affect the enforceability or invalidity of any other provision of this Article Eight.

*** *End of ARTICLE EIGHT* ***

ARTICLE NINE. REGULATORY APPROVAL.

9.01 CPUC and FERC Approvals.

SCE's obligations to pay a fixed-price for energy under a Fixed Energy Price Agreement and the QF PPA will only become effective upon CPUC Approval of the Fixed Energy Price Agreement.

If a Fixed Energy Price Agreement is entered into between SCE and any of its affiliates, such Fixed Energy Price Agreement may also require an approval by the FERC. In such an instance, SCE's obligations under the Fixed Energy Price Agreement will only become effective upon approval by both the CPUC and the FERC.

9.02 Support for Regulatory Purposes.

Respondent may be requested, and shall work with SCE, to provide any information requested for purposes of filing applications or advice letters with the CPUC for CPUC Approval of any Fixed Energy Price Agreement.

*** *End of ARTICLE NINE* ***